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E.O. 12065: GDS 1/28/86 (GLEYSTEN, W.H.) OR-M
TAGS: AMGT, OGEN, PEPR, KS
SUBJECT: KOREA - AMBASSADOR'S POLICY ASSESSMENT

REF: (A) 79 STATE 310299 (PARA 5), (B) STATE 003581

1. (S - ENTIRE TEXT)

2. SUMMARY: BASIC U.S. INTERESTS IN KOREA REMAIN
UNCHANGED BUT THE FOCUS OF BILATERAL RELATIONS HAS ALTERED
SIGNIFICANTLY IN THE PAST YEAR. MAJOR BILATERAL PROBLEMS
--SUCH AS THE TROOP WITHDRAWAL ISSUE, KOREAGATE AND THE
TRADE BALANCE--WERE ESSENTIALLY RESOLVED IN 1979. NOW,
FOLLOWING PRESIDENT PARK'S DEATH AND THE MILITARY UPHEAVAL
OF DECEMBER 12, WE FIND OURSELVES IN AN UNPRECEDENTEDLY
ACTIVIST ROLE AS WE SEEK TO HELP STABILIZE EVENTS DURING
A PERIOD OF POLITICAL TRANSITION, COMPOUNDED BY THE
SEVEREST ECONOMIC SITUATION MANY KOREANS CAN REMEMBER.
SWIFT REAFFIRMATION OF OUR SECURITY COMMITMENT TO THE ROK
HAS PROVIDED AN ESSENTIAL UNDERPINNING FOR STABILITY IN
THE TRANSITION PERIOD. OUR KEY POSITIONS AT THIS POINT

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ARE TO URGE THE GOVERNMENT TO MOVE AHEAD WITH POLITICAL
LIBERALIZATION, THE MILITARY TO REMAIN UNIFIED AND REFRAIN
FROM CRUDE INTERVENTION IN POLITICS, AND THE OPPOSITION TO
BE PATIENT. BUT OUR ACTIVIST ROLE IS NOT AN EASY ONE AND

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: DONALD A JOHNSTON
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EVENTUALLY WE WILL BE "DAMNED IF WE DO AND DAMNED IF WE DON'T" BY VARIOUS ELEMENTS OF SOCIETY SEEKING OUR SUPPORT. THE COSTS OF MISCALCULATION ARE HIGH. IF WE DON'T DO ENOUGH, DANGEROUS EVENTS COULD OCCUR; IF WE TRY TO DO TOO MUCH, WE MAY PROVOKE STRONG, CHAUVINIST REACTIONS. USG POLICY OF DEALING WITH ECONOMIC ISSUES ON A CASE-BY-CASE BASIS RISKS INCREASING THE PRESSURES ON THE PRESENT CIVILIAN GOVERNMENT IN AN AREA THAT MAY BE CRUCIAL TO ITS SURVIVAL AND TO PEACEFUL TRANSITION. ALTHOUGH THEY USUALLY MUTE THEIR OPINION, MOST KOREANS SENSE A REDUCTION IN THE REAL POWER OF THE U.S. AND ARE INCREASINGLY CONCERNED OVER WHAT THEY PERCEIVE AS OUR UNWILLINGNESS TO FACE UP TO THE SOVIET CHALLENGE, AND THEY ARE ALSO SOMEWHAT SKEPTICAL OF OUR ABILITY TO HANDLE BEIJING. THEY SUSPECT WE MAY BE TOO PREOCCUPIED ELSEWHERE TO RESPOND RESOLUTELY TO DIFFICULTIES ON THE PENINSULA. FEW KOREANS BELIEVE THAT PYONGYANG HAS CHANGED ITS SPOTS, AND SEE THE RECENT PEACE OFFENSIVE AS A TACTICAL PLOY. STILL, THEY APPRECIATE KOREA'S SHIFTING INTERNATIONAL ENVIRONMENT AND SUPPORT THE ROKG'S POSITIVE RESPONSE TO THE PROPOSAL. FOR SOME IT IS ONLY TO PUT THE ONUS ON PYONGYANG FOR AN EVENTUAL FAILURE OF THE RENEWED NORTH-SOUTH DIALOGUE; FOR OTHERS IT IS THE HOPE THAT TENSIONS ON THE PENINSULA CAN ACTUALLY BE REDUCED WITHIN THE FORESEEABLE FUTURE. END SUMMARY.

3. BASIC U.S. INTERESTS IN KOREA REMAIN THE SAME AS THOSE OUTLINED IN LAST YEAR'S "GOALS AND OBJECTIVES," BUT THE SETTING AGAINST WHICH WE PURSUE THESE OBJECTIVES HAS CHANGED DRAMATICALLY. BY MID-1979 WE SAW RESOLUTION OF

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MOST SERIOUS BILATERAL ISSUES WHICH DOMINATED THE RELATIONSHIP FOR THE PAST SEVERAL YEARS. THE ANNOUNCEMENT THAT FURTHER WITHDRAWALS OF U.S. COMBAT TROOPS WOULD BE SUSPENDED UNTIL AT LEAST 1981 CONTRIBUTED ENORMOUSLY TO KOREAN CONFIDENCE IN THE U.S. COMMITMENT TO ROK SECURITY--THE NUMBER ONE PRIORITY OF VIRTUALLY ALL KOREANS. WITH PRESIDENT CARTER'S SUCCESSFUL VISIT TO SEOUL IN LATE JUNE, THE STRAINS IN THE RELATIONSHIP CAUSED BY "KOREA-GATE" WERE LARGELY PUT BEHIND US. AND, THANKS IN PART TO A CONSCIOUS ROKG POLICY AND IN PART TO VIGOROUS EMBASSY-BUSINESS COOPERATIVE EFFORTS, THE BILATERAL TRADE RELATIONSHIP IMPROVED TO GIVE THE U.S. A SMALL SURPLUS. ONGOING LARGE PROJECTS ARE LIKELY TO PRODUCE SIMILAR RESULTS IN YEARS TO COME.

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4. HOWEVER, WITH THE SOURING OF THE POLITICAL ATMOSPHERE IN THE FALL, PRESIDENT PARK'S ASSASSINATION, AND THE POWER GRAB ON DECEMBER 12, WE WERE FACED WITH A NEW BALLGAME, ONE REQUIRING A DEGREE OF DIRECT U.S. INVOLVEMENT IN DOMESTIC KOREAN AFFAIRS UNPARALLELED IN MANY YEARS.

5. THE MAJOR BILATERAL ISSUE NOW IS A CONTINUING U.S. EFFORT TO PROMOTE STABILITY WITHIN THE ROKG BODY POLITIC. PARK'S DEATH HAS OPENED OPPORTUNITIES FOR BUILDING A MODERN POLITICAL CONSENSUS, BUT IT HAS ALSO DEPRIVED KOREA OF ITS FATHER FIGURE. THE DIFFUSE POWER STRUCTURE NOW IN PLACE IS HARD PUT TO FACE THE CHALLENGES OF OVERSEEING AND GUIDING THE LIBERALIZATION OF THE POLITICAL SYSTEM, COPING WITH A SEVERE ECONOMIC SITUATION, AND DEALING WITH THE NORTH'S NEW PEACE OFFENSIVE. OUR SWIFT ACTIONS TO ENSURE SECURITY FOLLOWING PARK'S DEATH AND THE DECEMBER 12 INCIDENT PROVIDED AN ESSENTIAL UNDERPINNING FOR INTERNAL STABILITY AND POLITICAL DEVELOPMENT, AND INCREASED OUR INFLUENCE--AT LEAST TEMPORARILY.

6. OUR EFFORTS HAVE FOCUSSED ON: (A) ADVISING THE ROK
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MILITARY, ON THE ONE HAND, TO HOLD TOGETHER AND, ON THE OTHER, TO REFRAIN FROM MUCKING UP THE POLITICAL PROCESS WHICH THEY PERCEIVE IN EXCESSIVELY SIMPLISTIC TERMS;
(B) URGING THE GOVERNMENT TO MOVE AS QUICKLY AS POSSIBLE ON BROADLY DESIRED POLITICAL LIBERALIZATION, WHICH INCLUDES REVISING THE UNPOPULAR YUSHIN CONSTITUTION, PROVIDING FOR THE DEMOCRATIC ELECTION OF THE NEXT PRESIDENT, LIFTING MARTIAL LAW, AND ELIMINATING PARK-ERA HUMAN RIGHTS ABUSES;
AND (C) IMPRESSING UPON STUBBORN OPPOSITION PARTIES AND OTHER ANTI-ESTABLISHMENT GROUPS THE NEED FOR PATIENCE AND SOME DEGREE OF COOPERATION WITH THE AUTHORITIES TO REDUCE THE PROSPECTS OF A MILITARY COUNTER LASH.

7. WE SHOULD APPROACH THE CURRENT GOVERNMENT WITH A CLEAN SLATE, CRITICIZING IT ONLY FOR ERRORS OF ITS OWN MAKING RATHER THAN CONDEMNING IT FOR UNRESOLVED PROBLEMS INHERITED FROM THE PAST. AMONG THE LEADERSHIP OF THE MAJOR POLITICAL GROUPINGS THERE SEEMS SOME REALIZATION OF THE SERIOUSNESS OF THE SITUATION, AND THERE ARE SOME ATTEMPTS AT ACCOMMODATION. HOWEVER, THE HARD TESTS--SUCH AS ENDING MARTIAL LAW, AMENDING THE CONSTITUTION, AND DECIDING WHO

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MAY RUN FOR PRESIDENT--LIE AHEAD. THE ODDS ARE THAT KOREAN SOCIETY WILL SURVIVE IN REASONABLY GOOD SHAPE, BUT IT MAY GO THROUGH A FAIRLY ROUGH BASHING FROM FORCES THAT DO NOT KNOW THE ART OF COMPROMISE.

8. THE ACTIVIST ROLE THRUST ON US BY EVENTS IS A VERY DIFFICULT ONE AT BEST. ALL SIGNIFICANT POLITICAL ELEMENTS SEEK THE IMAGE OF U.S. SUPPORT AND MANY SEEK RATHER CRUDE U.S. INTERVENTION TO SHORE UP THEIR WEAKNESSES; ULTIMATELY WE WILL THEREFORE BE CRITICIZED FOR UNDUE INTERFERENCE IN DOMESTIC AFFAIRS BY THOSE WHO SEE OUR SUPPORT FOR THEM AS LESS HELPFUL THAN DESIRED. FEW OF THEM REALIZE THAT OUR INFLUENCE IS LIMITED IN LARGE PART BY THE FACT THAT WE COULD NOT PULL OUR POWERFUL SECURITY AND ECONOMIC LEVERS WITHOUT RISK OF DESTROYING THE ROK'S STABILITY.

9. IN ONE AREA OF BILATERAL RELATIONS WE COULD BE MORE HELPFUL. SEVERAL YEARS AGO MOST KOREANS WOULD HAVE PAINTED

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AN OPTIMISTIC PICTURE OF THEIR ECONOMIC FUTURE, THIS IS NO LONGER TRUE, AND SHOULD THE PRESENT CIVILIAN GOVERNMENT BE PERCEIVED AS INCAPABLE OF DEALING WITH THE ECONOMIC CHALLENGE, THE RISK OF A MILITARY COUP OR A POLITICAL UPHEAVAL WOULD BE GREATLY INCREASED. HOWEVER, WE INVARIABLY DEAL WITH THE KOREANS ON ECONOMIC ISSUES OF IMPORTANCE TO THEM AS RICE, COLOR TELEVISION, TEXTILES, SHOES, SHIPPING, ETC. ONLY ON THE MERITS OF EACH INDIVIDUAL CASE, WITHOUT TAKING INTO ACCOUNT THE CUMULATIVE EFFECT OUR NEGATIVE ACTIONS HAVE ON THE ROKG. THROUGH STRENUOUS EFFORTS ON BOTH SIDES OUR OVERALL TRADE ACCOUNTS HAVE NOW BECOME FAVORABLE TO US; AND WE MUST SHOW A MORE POSITIVE ATTITUDE IN MEETING SOME OF KOREA'S PRESSING ECONOMIC PROBLEMS IN THE MONTHS AHEAD ON THE BASIS OF OUR OVERALL POLICY INTERESTS IN THIS COUNTRY.

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10. ALTHOUGH ACKNOWLEDGING OUR HELPFUL SECURITY ROLE IN THE POST-PARK ERA, MOST POLITICALLY AWARE KOREANS ARE CONCERNED ABOUT WHAT THEY PERCEIVE AS OUR LACK OF POLITICAL WILL AND MILITARY RESOLVE IN THE WORLD ARENA. COMPOUNDING THEIR LINGERING DOUBTS ABOUT OUR RESOLUTION AGAINST THE NORTH KOREANS, THEY FEAR WE LACK THE WILL TO DEAL WITH THE RUSSIAN CHALLENGE AND THEY SUSPECT WE OVERESTIMATE THE PRC'S UTILITY AND RELIABILITY. THEY ARE CONCERNED THAT WE WILL DRAW DOWN OUR FORCES IN ASIA TO PARRY SOVIET MOVES ELSEWHERE, THUS ENCOURAGING NORTH KOREAN ADVENTURISM AT A TIME WHEN THE U.S. IS NOT IN A POSITION TO RESPOND. THEY ARE ALSO CONCERNED THAT THE UNITED STATES IS NOT SUFFICIENTLY DISCIPLINED TO DEAL WITH THE DOMESTIC U.S. IMPLICATIONS OF SUCH GLOBAL ISSUES AS THE ENERGY CRISIS. FOR EXAMPLE, THE ROKG DOUBTS OUR ABILITY OR WILLINGNESS TO SUPPLY (BY EFFECTING GREATER CONSERVATION AT HOME) THE OIL WHICH IRAN WILL ALMOST CERTAINLY CUT OFF IF THE ROKG JOINS US IN SANCTIONS AS WE HAVE REQUESTED.

11. KOREANS ARE AMBIVALENT ABOUT CHINA'S INCREASED INTERNATIONAL ROLE, AND IMPROVING U.S.-CHINESE RELATIONS. ON THE ONE HAND THEY ACTIVELY HOPE CHINA WILL HELP COUNTER-BALANCE RUSSIA AND PYONGYANG. ON THE OTHER HAND THEY CONTINUE TO DISTRUST THE PRC AND FEAR WE MAY ONE DAY BE TAKEN IN BY BEIJING, TO THE ROK'S DETRIMENT.

12. KOREA'S RELATIONS WITH JAPAN ARE ABOUT AS GOOD AS ONE MIGHT HOPE, GIVEN THEIR LONG PAINFUL HISTORY. IN PART AS

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A RESULT OF CLOSER PARALLELISM OF THEIR APPRECIATIONS OF THE SOVIET UNION, AND TO A LESSER EXTENT CHINA, THERE IS AN INCREASING DEGREE OF TACIT COOPERATION BETWEEN JAPAN AND THE ROK ON SECURITY MATTERS. THERE IS, HOWEVER, CONSIDERABLE DISAGREEMENT ON NORTH KOREA, WITH THE JAPANESE TENDING TOWARDS AN UNRECIPROCAL TWO KOREAS POLICY WHICH IS ANATHEMA TO THE ROK.

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13. AS REGARDS NORTH KOREA, FEW PEOPLE IN THE ROK BELIEVE

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THAT ACTER THIRTY YEARS THE LEOPARD HAS CHANGED HIS SPOTS. DESPITE PYONGYANG'S USE OF THE PROPER TERMINOLOGY IN ADDRESSING ROK OFFICIALS, MOST CONSIDER THE RECENT DPRK PEACE OFFENSIVE AS A PLOY AIMED AT TAKING ADVANTAGE OF THE CURRENT TRANSITIONAL PERIOD HERE, RATHER THAN A SERIOUS ATTEMPT AT EASING TENSIONS. HOWEVER, THERE SEEMS TO BE GENERAL SUPPORT FOR THE GOVERNMENT'S RELATIVELY FORTHCOMING

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POSTURE, WITH THE GENERAL EXPECTATION THAT THE NORTH'S "TRUE COLORS" WILL ULTIMATELY EMERGE DURING NORTH-SOUTH TALKS, LEAVING THE ONUS FOR FAILURE ON PYONGYANG. DESPITE THIS CYNICISM, MANY KOREANS APPRECIATE THE EXTENT OF CHANGE IN THEIR GEOPOLITICAL ENVIRONMENT AND FAVOR CAUTIOUS EFFORTS TO EXPLOIT THE CHANGES TO THEIR ADVANTAGE. SELF CONFIDENCE INDUCED BY RAPID ECONOMIC GROWTH HAS PLAYED A CRUCIAL PART IN THIS NEW REALISM.

14. ADMINISTRATIVELY, OUR ACTIVIST ROLE OF MONITORING EVENTS AND EXERCISING "FRIENDLY PERSUASION" WITH THE PRINCIPAL PLAYERS ON THE SCENE IS STRAINING THE PERSONNEL RESOURCES OF THE MISSION. NO RESPITE IS IN SIGHT AND OVER THE NEXT SEVERAL YEARS WE WILL NEED A FULL STAFF OF TOP

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QUALITY PEOPLE IF WE ARE TO BE SUCCESSFUL IN HELPING KOREA THROUGH THIS DIFFICULT AND DANGEROUS PERIOD OF TRANSITION. GLEYSTEN

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